

# MoneyPlu\$

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# MoneyPlu\$—Your Tax-favored Accounts Program

## What is MoneyPlu\$?

MoneyPlu\$ offers tax-favored accounts—IRS-approved, tax-free benefits. These accounts save active employees money on eligible medical and dependent care costs by enabling you to pay these expenses with money deducted from your salary before it is taxed.

The MoneyPlu\$ program is governed by Sections 105, 125, 129 and 223 of the Internal Revenue Service (IRS) code. Fringe Benefits Management Company (FBMC) is the third-party administrator of the MoneyPlu\$ program. Each account has an administrative charge. This charge is designed to be minimal compared to your tax savings.

## Pretax Premiums

The Pretax Group Insurance Premium feature allows you to pay your State Health Plan, HMO, State Dental Plan, Dental Plus and Optional Life (for coverage up to \$50,000) premiums before taxes are taken from your paycheck.

## Flexible Spending Accounts

MoneyPlu\$ allows you to pay eligible medical and dependent care expenses with money you set aside before it is taxed. You authorize deposits to your MoneyPlu\$ account every pay period. As you incur eligible expenses, you request tax-free withdrawals from your account to reimburse yourself. There are three kinds of MoneyPlu\$ accounts: a **Dependent Care Spending Account**, a **Medical Spending Account** and a **limited-use Medical Spending Account**, which can accompany a Health Savings Account (HSA). If you incur dependent care and medical expenses, you can establish both a Dependent Care Spending Account and a Medical Spending Account (or a limited-use Medical Spending Account if you are contributing to an HSA).

## Health Savings Accounts

A MoneyPlu\$ Health Savings Account (HSA) is available to employees enrolled in the SHP Savings Plan and can be used to pay healthcare expenses. Unlike money in a MoneyPlu\$ Medical Spending Account, the funds do not have to be spent in the year they are deposited. Money in the account accumulates tax free, so the funds can be used to pay qualified medical expenses in the future. An important advantage of an HSA is that you own it. If you leave your job, you can take the account with you and continue to use it for qualified medical expenses.

See page 26 for more information on the State Health Plan Savings Plan.

## MoneyPlu\$ Example\*

This example shows how paying for eligible expenses with a pre-tax payroll deduction increases your spendable income. The figures used are for a single person with two dependents.

	<u>Without MoneyPlu\$</u>	<u>With MoneyPlu\$</u>
Gross Monthly Pay	\$2,500.00	\$2,500.00
State Retirement	- 150.00	- 150.00
Pretax Payroll Deduction	- 0.00	- 596.46
Administrative Fee	- 0.00	- 5.12
Taxable Gross Income	\$2,350.00	\$1,748.42
Payroll Taxes (estimate)	- 501.38	- 321.14
Eligible Expenses*	- 596.46	- 0.00
Spendable Income	\$1,252.16	\$1,427.28

Increase in Spendable Income: \$175.12

\*In this illustration, these examples of monthly pre-tax payroll deductions and eligible, after-tax expenses were used:

Health Premium	\$142.46
Dental Premium	\$ 21.00
Dependent Care Expenses	\$400.00
Out-of-Pocket Medical Expenses	\$ 33.00
Total	\$596.46

*Note: "Spendable income" is your net pay, plus the reimbursement from your Medical Spending Account or Dependent Care Spending Account.*

## Administrative Fees

Pretax Group Insurance Premium Feature <sup>1</sup>	\$0.12 per month
Dependent Care Spending Account <sup>1</sup>	\$2.50 per month
Medical Spending Account or limited-use MSA <sup>1</sup>	\$2.50 per month
EZ REIMBURSE <sup>®</sup> MasterCard <sup>®2</sup> Card	\$20 per year
Health Savings Account <sup>3</sup>	\$20 per year or \$2 per month (your choice) <sup>4</sup> 50 cents per check if you are reimbursed by check. No charge if you use your Visa <sup>®</sup> debit card.

<sup>1</sup>These fees are deducted from your paycheck before taxes.

<sup>2</sup>The fee for this optional card will be deducted from your Medical Spending Account.

<sup>3</sup>There may be additional fees for other services. All fees are deducted from your HSA. If you prefer to pay the fee annually rather than monthly, call 877-362-4472 within 60 days of opening the account.

<sup>4</sup>This fee is waived if the balance in your account is over \$5,000.

## PRETAX GROUP INSURANCE PREMIUM FEATURE

With this feature, you can pay your State Health Plan, HMO, State Dental Plan, Dental Plus and Optional Life premiums before taxes are taken out of your paycheck. This feature is beneficial to all employees who pay these premiums.

### Eligibility

You are enrolled in this feature automatically if you pay a health, dental or Optional Life premium, unless you decline on your NOE. If you declined the Pretax Group Insurance Premium feature in the past, you can enroll during the annual enrollment period or within 31 days of an approved change in status. (See "Special Eligibility Situations," page 11.)

### Note About Optional Life Insurance Premiums

While the entire Optional Life insurance premium is deducted from your paycheck before taxes, only premiums for coverage up to \$50,000 are exempt from taxes. Therefore, any premiums paid for coverage above \$50,000 will be added to your earnings at the end of the year and reflected on your W-2 form.

## FLEXIBLE SPENDING ACCOUNTS

### IRS Guidelines for Flexible Spending Accounts

1. The IRS does not allow you to pay any insurance premiums through any type of spending account.
2. You cannot transfer money between MoneyPlu\$ accounts or pay a dependent care expense from your Medical Spending Account or vice versa.
3. According to a new IRS regulation, you have until March 15 to spend any remaining funds deposited in your **Medical Spending Account** or your **limited-use Medical Spending Account** from January through December of the previous year. For example: You have until March 15, 2008, to spend funds deposited in your MSA or limited-use MSA between January 1 and December 31, 2007.

- However, you must submit all reimbursement requests by March 31, 2008. Any money in your **Medical Spending Account** or your **limited-use Medical Spending Account** after your reimbursable requests have been processed cannot be returned to you or carried over to the next year.
- 4. You have until March 31 after the end of the year to submit for reimbursement eligible **Dependent Care Spending Account** expenses incurred during your period of coverage, January through December. Any money in your **Dependent Care Spending Account** after your reimbursable requests have been processed cannot be returned to you or carried over to the next year.
- 5. You may not be reimbursed through your MoneyPlu\$ accounts for expenses paid by insurance or by any other source.
- 6. You cannot deduct reimbursed expenses from your income tax.
- 7. You may not be reimbursed for a service that you have not yet received.



If you have a question as to whether you qualify to enroll in a spending account, or if you wish to make a change, call FBMC at 800-342-8017 or EIP at 803-734-0678 (Greater Columbia area) or 888-260-9430 (toll-free outside the Columbia area).

## Written Certification

When enrolling in either or both MoneyPlu\$ spending accounts, written notice of agreement with the following is required:

- I will only use my MoneyPlu\$ account to pay for IRS-qualified expenses eligible under my employer's plan and only for me and my IRS-eligible dependents.
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s), before seeking reimbursement from my MoneyPlu\$ spending account.
- I will not seek reimbursement through any additional source.
- I will collect and maintain sufficient documentation to validate the requirements above.

## DECIDING HOW MUCH TO CONTRIBUTE TO YOUR FLEXIBLE SPENDING ACCOUNTS

To estimate how much to deposit in your Dependent Care Spending Account or Medical Spending Account, complete the MoneyPlu\$ Flexible Spending Accounts Worksheet, available at [www.eip.sc.gov](http://www.eip.sc.gov). Choose your category (Active Subscribers) and then select "Forms." *Be conservative in your estimates.* **Any money remaining in your Dependent Care Spending Account after December 31, 2007, and any money remaining in your Medical Spending Account or in your limited-use Medical Spending Account after March 15, 2008, cannot be returned to you or carried forward to the next plan year. However, you have until March 31 to submit requests for reimbursement for expenses incurred before December 31 for your Dependent Care Spending Account and incurred before March 15 for your Medical Spending Account.**

## Earned Income Tax Credit

How do contributions to a Dependent Care Spending Account or Medical Spending Account affect the Earned Income Tax Credit (EITC) Contributions to these accounts, before taxes, can lower your taxable, earned income. The lower the earned income, the higher the EITC. If you qualify for the EITC, contributions to one or both of these accounts will help. Taxpayers may consult IRS Publication 596 for additional information, use the services of a tax professional or get assistance from a Volunteer Income Tax Assistance site. To find the closest site, call the IRS at 800-829-1040.

## Dependent Care Spending Account vs. Child and Dependent Care Credit

If you pay for the care of a child or another dependent so you can work, you may be able to reduce your taxes by claiming those expenses on your federal income tax return through the Child and Dependent Care Credit. Depending on a taxpayer's circumstances, participating in a Dependent Care Spending Account plan on a salary-reduction basis will generally produce the greater tax benefit, **except when:**

- Your W-2 income, before Dependent Care Spending Account salary reductions, is approximately \$35,000 to \$39,000, you have only one qualifying individual and your eligible dependent care expenses for the tax year are less than \$3,000; **or**

- Your W-2 income is approximately \$12,000 to \$15,000 or less.
- If either applies to you, the Child and Dependent Care Credit may be a better option.

In addition to the tax benefit of participating in a Dependent Care Spending Account plan, a partial Child and Dependent Care Credit may be available to you. For example, you may be able to claim an additional tax credit in an amount equal to a percentage of \$1,000 if you have:

- Two or more qualifying individuals;
- A maximum Dependent Care Spending Account tax filing status of \$5,000; **and**
- \$6,000 or more in eligible dependent care expenses.

**Note:** You cannot use the Child and Dependent Care Credit if you are married and filing separately. Any dependent care expenses reimbursed through your Dependent Care Spending Account cannot be filed for the credit.

To use FBMC's Tax Savings Analysis software to determine which may be your better choice, go to the "Tax Calculators" link at [www.myFBMC.com](http://www.myFBMC.com). You may also call FBMC Customer Service at 800-342-8017 for assistance. For more information on the Child and Dependent Care Credit, refer to IRS Publication 503.

**Note:** If you participate in the Dependent Care Spending Account or if you file for the Child and Dependent Care Credit, you must attach IRS Form 2441 to your 1040 income tax return. If you do not, the IRS may not allow your pre-tax exclusion. To claim the income exclusion for dependent care expenses on IRS Form 2441, you must be able to list each dependent care provider's Taxpayer Identification Number (TIN). The TIN is an individual's Social Security Number, unless he or she is a resident or non-resident alien who does not have a Social Security Number. If you are unable to obtain a dependent care provider's TIN, you must send with your IRS Form 2441 a written statement that explains the circumstances and states that you made a serious effort to get the information.

**?** For details on IRS rules for dependent care expenses, log onto the IRS Web site at [www.irs.gov](http://www.irs.gov). Enter "Publication 503" in the "Search for" window and be sure to select "IRS site" under the "Within" window to access the information.

## MoneyPlu\$ Medical Spending Account vs. Claiming Expenses on IRS Form 1040

Unless your itemized medical and dental expenses exceed 7.5 percent of your adjusted gross income\*, you cannot claim them on your IRS Form 1040. However, you can save taxes by paying for your uninsured, out-of-pocket medical expenses through a tax-free Medical Spending Account.

**\*Note:** Your adjusted gross income includes both your income and your spouse's.

With a Medical Spending Account, the money you set aside for medical expenses is deducted from your salary before it is taxed and therefore you save on taxes. For example, if your adjusted gross income were \$45,000, the IRS would only allow you to deduct itemized expenses that exceed \$3,375, or 7.5 percent of your adjusted gross income. But if you have \$2,000 in eligible medical expenses, the MoneyPlu\$ account saves you \$656 on your medical expenses in federal income tax (25 percent), South Carolina state tax (7 percent) and Social Security taxes (7.65 percent).

Taxpayers may consult IRS Publication 502 for additional information, use the services of a tax professional or get assistance from a Volunteer Income Tax Assistance site. To find the nearest site, call the IRS at 800-829-1040.

## DEPENDENT CARE SPENDING ACCOUNT

### How the Dependent Care Spending Account Works

1. Estimate the amount you will spend during the year on dependent care, up to \$5,000, depending on your tax status. Don't forget to consider vacation and holiday time when you may not have to pay for dependent care. During the year, make sure you are filing all of your claims for reimbursement. Remember, according to IRS guidelines, any money remaining in your account after you have claimed all your expenses at the end of the



- year cannot be returned to you. Also, this money cannot be carried over into the next calendar year. You have until March 31 of the new plan year to file claims for services provided the previous year.
2. The annual amount you contribute to your account will be divided into equal installments and deducted from each paycheck before taxes. It is then credited to your Dependent Care Spending Account.
  3. After incurring dependent care expenses, submit a MoneyPlu\$ Spending Account Reimbursement Request Form and a copy of your expense documentation from your dependent care provider to FBMC. The MoneyPlu\$ Spending Account Reimbursement Request Form may serve as documentation if it includes the provider's signature and tax ID number or Social Security Number.
  4. Your claim will be processed within five working days of when FBMC receives it, if properly completed and signed, **and only if there are enough funds in your account.** Then a direct deposit will be issued to your account, or a check will be mailed, up to your current account balance. You will be reimbursed for any remaining expenses when money is available in your account.



### Don't Forget

Although claims are processed in five working days, it may take as long as two weeks to get your check because of time in the mail and weekends.

## Eligibility

You must be eligible for state group insurance benefits to participate in MoneyPlu\$. However, you are *not* required to be enrolled in an insurance program to participate in MoneyPlu\$, nor do you have to enroll in the Pretax Group Insurance Premium feature to participate in the Dependent Care or Medical Spending Accounts.

## Enrollment

You can enroll in the Dependent Care Spending Account within 31 days of your hire date. If you do not enroll at that time, you can enroll during the next enrollment period, October 1-31. You also can enroll in, or make changes to, this account within 31 days of an approved change in status (see "Special Eligibility Situations," page 11). You **must** re-enroll each year during the October enrollment period to continue your account the next year.

The Dependent Care Spending Account allows you to pay for dependent care expenses with your pre-tax income. Here are the limits on how much you may set aside:

- If you are married and filing separately, your maximum is \$2,500.
- If you are single and head of household, your maximum is \$5,000.
- If you are married and filing jointly, your maximum is \$5,000.
- If either you or your spouse earns less than \$5,000 a year, your maximum is equal to the lower of the two incomes.
- If your spouse is a full-time student or incapable of self-care, your maximum is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

You may use your Dependent Care Spending Account to receive reimbursement for eligible dependent care expenses for qualified individuals. A qualified individual includes a qualified child if he or she:

- Is a U.S. citizen, a U.S. national or a resident of the U.S., Mexico or Canada
- Has a specified family-type relationship to you
- Lives in your household for more than half of the tax year
- Is 12 years old or younger
- Has not provided more than one-half of his own support during the taxable year.

For more information, talk with your benefits administrators or a tax professional, or contact the Internal Revenue Service at 800-829-1040 or [www.irs.gov](http://www.irs.gov).

## Eligible Expenses

Generally, child, adult and elder care costs that allow you and your spouse to work or actively look for work are eligible for reimbursement. If you are married, your spouse must work, be a full-time student or be mentally or physically incapable of self-care. Examples:

- Day care facility fees
- Local day camp fees
- Baby-sitting fees for at-home care while you and your spouse are working (You, your spouse or another tax dependent cannot provide the care.)

## Ineligible Expenses

- Child support payments or child care if you are a non-custodial parent
- Payments for dependent care services provided by your dependent, your spouse's dependent or your child who is under age 19
- Healthcare costs or educational tuition
- Overnight care for your dependents (unless it allows you and your spouse to work during that time)
- Nursing home fees
- Diaper services
- Books and supplies
- Activity fees
- Kindergarten tuition.

## Reimbursement of Eligible Expenses

To request reimbursement, you must complete and submit a MoneyPlu\$ Spending Account Reimbursement Request Form, along with expense documentation showing the following:

- The date your dependent received the care (for example, October 1-October 31), **not** the date you paid for the service
- The name and address of the facility
- The name, address, tax ID number (or Social Security Number) **and signature** of the individual who provided the dependent care.

This information is required with each request for reimbursement. The MoneyPlu\$ Spending Account Reimbursement Request Form may serve as documentation if it includes the provider's signature and tax ID or Social Security Number.

**An approved expense will not be reimbursed until after the last date of service for which you are requesting reimbursement.** For example, if you pay your dependent care provider on October 1 for the month of October, you can submit your reimbursement request for the entire month. However, payment will not be made until you receive the last day of care for that month.\*

**An approved expense will not be reimbursed until enough funds are in your Dependent Care Spending Account to cover the expense.** On your Reimbursement Request Form, you may divide the dates of service into periods that correspond with your payroll cycle. This will allow FBMC to reimburse you for part of the amount on the documentation when there are enough funds in your account.

## MEDICAL SPENDING ACCOUNT

### How the Medical Spending Account Works

1. Estimate the amount you and your family want to set aside in your Medical Spending Account, up to \$5,000 per calendar year. If you are married and your spouse is eligible for coverage, you may each set aside up to \$5,000. Consider only those expenses you and your family can expect to incur between January 1 and December 31.



- According to IRS regulations, if you have money left in your MSA on December 31, you have until March 15 of the new year (a grace period) to spend funds deposited in the account during the previous year.
- **You have until March 31 to ask for reimbursement and submit documentation for eligible expenses incurred during the calendar year and the grace period. This includes documentation for EZ REIMBURSE® Card transactions.** Check the FBMC Web site at [www.myFBMC.com](http://www.myFBMC.com) for any outstanding transactions that may need documentation.
- Between January 1 and March 15, any EZ REIMBURSE® Card swipes or paper claims filed will be paid from funds remaining in your MSA from the previous year. If you have 2006 MSA funds you would like to use, submit your 2006 claims before you begin turning in claims for 2007 expenses.
- Remember, any money in your account after you have claimed all of your expenses cannot be returned to you or carried over beyond March 15 of the new year.

If you had an EZ REIMBURSE® Card during the old plan year and signed up for it for the new plan year, you can continue to use it to pay eligible expenses from your previous year's MSA until March 15. If you have *not* signed up for the card or an MSA again, you cannot use your EZ REIMBURSE® Card after December 31. However, you may submit paper claims until March 31 for expenses incurred until March 15 of the new plan year.

2. The yearly amount you elect to contribute to your account will be divided into equal installments and deducted from each paycheck before taxes. It is then credited to your Medical Spending Account.
3. After incurring medical or dental expenses, submit a MoneyPlu\$ Spending Account Reimbursement Request Form and a copy of the expense documentation or the Explanation of Benefits for these expenses to FBMC. File the claim only for your **unreimbursed** expenses. Approved claims will be paid until you have reached the annual amount you chose to have deducted. Your claim will be processed within five working days of its receipt by FBMC. **Then a direct deposit will be issued to your account within 48 hours of your claim approval, or a check will be mailed.** Because of weekends and time in the mail, it may take up to two weeks for you to receive your check.
  - If you have an EZ REIMBURSE® Card, present it when you incur eligible medical expenses, including prescriptions or dental expenses. If the provider accepts MasterCard®, the funds will automatically be removed from your account, and you will not have to wait for reimbursement. Instructions on when to submit expense documentation will be provided to you on your monthly statement, or you may check the FBMC Web site.

## Eligibility

You must be eligible for active group insurance to participate in MoneyPlu\$. However, you are *not* required to be enrolled in an insurance program to participate in MoneyPlu\$, nor do you have to enroll in the Pretax Group Insurance Premium feature to participate in the Dependent Care or Medical Spending account.

## Enrollment

**To participate in the Medical Spending Account, you must have completed one year of continuous state-covered service by January 1 after annual enrollment.** You **must** re-enroll during each yearly enrollment period, October 1- October 31, to continue your account the next year. If you have an EZ REIMBURSE® Card, you must also re-enroll for it each year. You can enroll in, or make changes to, your MSA within 31 days of an approved change in status (see "Special Eligibility Situations," page 11). Complete a MoneyPlu\$ Enrollment Form, available from your benefits administrator or on EIP's Web site at [www.eip.sc.gov](http://www.eip.sc.gov). Submit the completed form to your benefits administrator.

**?** If you have a question about whether you qualify to enroll, or if you wish to make a change, call FBMC at 800-342-8017 or EIP at 803-734-0678 (Greater Columbia area) or 888-260-9430 (toll-free outside the Columbia area).

You may set aside up to \$5,000 annually to pay your medical, vision and dental expenses that are not reimbursed by insurance. Your MoneyPlu\$ Medical Spending Account may be used to reimburse eligible expenses incurred by:

- Yourself
- Your spouse (even if he has a Medical Spending Account)
- Your qualifying child or
- Your qualifying relative.

An individual is a *qualifying child* if he is not someone else's qualifying child and:

- Is a U.S. citizen, a U.S. national or a resident of the U.S., Mexico or Canada
- Has a specified family-type relationship to you
- Lives in your household for more than half of the taxable year
- Is 18 years old or younger (23 years, if a full-time student) at the end of the taxable year and
- Has not provided more than one-half of his own support during the taxable year (and receives more than one-half of his support from you during the taxable year if a full-time student age 19 through 23 at the end of the taxable year).

An individual is a *qualifying relative* if he is a U.S. citizen, a U.S. national or a resident of the U.S., Mexico or Canada and:

- Has a specified family-type relationship to you, is not someone else's qualifying child and receives more than one-half of his support from you during the taxable year or
- If no specified family-type relationship to you exists, is a member of and lives in your household (without violating local law) for the entire taxable year and receives more than one-half of his support from you during the taxable year.

***Note:** There is no age requirement for a qualifying child if he is physically and/or mentally incapable of self care. An eligible child of divorced parents is treated as a dependent of both, so either or both parents can establish a MoneyPlu\$ Medical Spending Account.*

For more information, contact your benefits administrator or tax advisor or the Internal Revenue Service at 800-829-1040 or at [www.irs.gov](http://www.irs.gov).

### **Eligible Expenses—Medical Spending Accounts**

Expenses eligible for reimbursement include your deductibles, coinsurance and copayments. In addition to these expenses, your Medical Spending Account is an excellent way to help pay for:

- Vision care
- Annual physical exams
- Out-of-pocket dental fees (including orthodontia, if medically necessary, but not if cosmetic)
- Certain approved over-the-counter medicines
- Any other out-of-pocket medical expenses deductible under current tax laws, including travel to and from medical facilities.

***Note:** Orthodontia treatment designed to treat a specific medical condition can be reimbursed. However, you will have to submit additional documentation each year. For more information, call FBMC Customer Service at 800-342-8017.*

### **Eligible Expenses—Limited-use Medical Spending Accounts**

If you have a Health Savings Account (HSA), you are eligible for a limited-use Medical Spending Account. This account may be used to pay expenses not covered by the SHP Savings Plan, such as dental and vision care. You may use your HSA, but not your limited-use MSA, for deductibles and coinsurance.

## Over-the-Counter Medicines

You may use your MSA to pay for some over-the-counter (OTC) drugs, including allergy, antacid, cold, cough and pain-relief medicines. The Treasury Department and IRS ruled that OTC drugs may be purchased with pre-tax dollars through healthcare flexible spending accounts, such as a MoneyPlu\$ Medical Spending Account. This does not change the rules about itemizing medical expense deductions. The costs of OTC drugs are still not deductible on tax returns. You may now use your EZ REIMBURSE® Card to buy over-the-counter drugs. Please note that OTC drug expenses are not eligible for reimbursement under a limited-use MSA.

FBMC will review and update the partial list of OTC drugs eligible for reimbursement quarterly. **It is your responsibility to remain informed about updates to this list**, which can be found at [www.myFBMC.com](http://www.myFBMC.com).

When a drug or medicine is added to the list, it can be reimbursed from January 1 of the year in which it is added. You may resubmit a copy of your receipt if a rejected OTC expense becomes eligible for reimbursement later in the same year. **Remember that you have only until March 15 to spend funds deposited during the previous year. You have until March 31, after the end of the year, to submit eligible expenses for reimbursement.**

## Ineligible Expenses

- Insurance premiums
- Vision warranties and service contracts
- Health or fitness club membership fees
- Cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition

## Availability

Once you sign up for a Medical Spending Account and decide how much to contribute, the entire amount will be available on January 1. You do not have to wait for the funds to accumulate in your account before getting reimbursed for eligible medical expenses.

## Medical Spending Account Reimbursements

If you use an EZ REIMBURSE® Card, funds will automatically be transferred from your Medical Spending Account. You will not need to wait for reimbursement. Please note that the EZ REIMBURSE® Card is not available to limited-use MSA participants. The EZ REIMBURSE® Card is discussed in detail below.

If you file by mail, your reimbursement will be issued within five business days from the time FBMC receives your properly completed and signed reimbursement request. However, weekends and time in the mail may mean it will take longer than that to receive your check. The minimum reimbursement is \$5, except for the last reimbursement, which brings your account balance to zero.

**Like any MSA expense, EZ REIMBURSE® Card transactions must be documented for the IRS. See page 153 for more information.**

## Direct Deposit

You can have your MoneyPlu\$ reimbursement checks deposited automatically into your checking or savings account. There is no extra fee for this service, and you will still receive notification that your claim has been processed. To apply, complete a MoneyPlu\$ Direct Deposit Authorization Form available from your benefits office or on EIP's Web site at [www.eip.sc.gov](http://www.eip.sc.gov). Please note that processing your direct deposit application may take between four to six weeks.

MoneyPlu\$ Spending Accounts are tax-favored accounts and must follow the guidelines under Section 125 of the Internal Revenue Code. Your signature on the form submitted for reimbursement serves as a required certification that you are abiding by the plan rules. FBMC cannot process your request without it.

## Requesting Manual Reimbursement

Claims must first be filed for any health plan benefits, provided by your employer, for which you are eligible. Any remaining out-of-pocket expenses may then be submitted for reimbursement from your Medical Spending Account.

To request reimbursement from your Medical Spending Account, fax or mail a completed MoneyPlu\$ Spending Account Reimbursement Request Form (the fax number and address are on the form), along with one of these:

- An invoice or bill from your healthcare provider listing the date you received the service, the cost of the service, the type of service and the person for whom the service was provided
- An Explanation of Benefits (EOB) from your health insurance provider that shows the type of service you received, the date and cost of the service and any uninsured portion of the cost. In certain circumstances, a written statement from your healthcare provider that the service was medically necessary may be required. This Letter of Medical Need is available from FBMC by calling 800-342-8017.

## EZ REIMBURSE® MASTERCARD® CARD

You may use the EZ REIMBURSE® Card to draw funds from your MoneyPlu\$ Medical Spending Account (MSA) to pay eligible, uninsured medical expenses for yourself and for your eligible dependents.

There is no risk of overspending. If you try to spend more than you will deposit into the account during the year, the transaction will be denied.

**The EZ REIMBURSE® Card is not available to you if you have a limited-use Medical Spending Account, which is associated with the State Health Plan Savings Plan and the Health Savings Account.**

The EZ REIMBURSE® MasterCard® Card is issued by MetaBank.

## To Enroll

When you sign up for an MSA, you may request an EZ REIMBURSE® Card on your enrollment form. If you wish to continue your EZ REIMBURSE® Card from year to year, you must re-enroll in it each year. There is a \$20 annual fee for the card. The fee will be deducted from your MSA at the beginning of the year. You will receive two cards, one of which may be shared with a dependent.

## Activating the Card

You must activate your EZ REIMBURSE® Card before you use it for the first time. To do so, call the toll-free number on the sticker on the front of the card. Be sure to sign the back of the card. If you continue to sign up for the card and MoneyPlu\$ Medical Spending Account from year to year, you will continue to use the same plastic card until its expiration date.

## Using the Card

You may use the card for:

- Copayments and deductibles at physician, dentist and optometrist offices
- Vision and dental expenses
- Prescription copayments and uncovered prescriptions at participating pharmacies
- IRS-approved over-the-counter items
- Mail-order prescriptions.

Your EZ REIMBURSE® Card may only be used for eligible medical expenses not covered by your insurance. You may not use it for cosmetic dental costs and eyeglass warranties.

**If you are enrolled in the State Health Plan, BlueChoice, CIGNA or MUSC Options, you may now use your EZ REIMBURSE® Card for mail-order prescriptions. No documentation is required.**

When you use the card to pay a healthcare provider, such as a physician or a stand-alone drug store, swipe it as you would any other credit card. No PIN is needed. Please remember to keep documentation of your expenses, as stated in the IRS regulations.

**Effective January 1, 2007, your EZ REIMBURSE® Card is no longer accepted at general merchandise and grocery store pharmacies, such as Wal-Mart, Publix and Kmart. As it becomes possible to use your card at these stores, FBMC will notify you.**

Also effective January 1, 2007, you can use the card at any pharmacy that accepts MasterCard®. However, the pharmacy must participate in your health plan's network. A list of pharmacies that are part of your network is on the EIP Web site under "Online Directories." If you use a pharmacy that is not part of your plan's network, you will pay the full cost for the drug. The cost will not apply to your deductible.

When using your EZ REIMBURSE® Card at a pharmacy, just swipe the card as you would any credit or debit card. A PIN is not needed. Your receipt will show the name of the drug and the amount of the copayment that was taken from your MSA.

Up to five transactions for prescriptions that have fixed copayments (such as \$10, \$25 and \$40 under the Standard Plan) will be "auto-adjudicated," verified and approved when you make the purchase without requiring documentation later. Any prescription purchase that is not for a regular copayment will require documentation.

When you use the card to purchase eligible over-the-counter medicine, documentation will be required unless the purchase is made at Walgreens. Walgreens has coded IRS-approved over-the-counter items so that these purchases, as well as prescriptions, do not require documentation. Visit [www.myFBMC.com](http://www.myFBMC.com) for the latest list of IRS-approved over-the-counter items.

You must use the MoneyPlu\$ Spending Account Reimbursement Request Form if a provider does not accept the card. The Reimbursement Request Form is available on the EIP Web site at [www.eip.sc.gov](http://www.eip.sc.gov). Choose your category (Active Subscribers) and select "Forms." The Reimbursement Request Form is listed under "Money-Plu\$."

## Documenting EZ REIMBURSE® Card Transactions

According to the IRS, it is not necessary to submit documentation to FBMC for fixed copayments for prescriptions and for your health plan. Your health plan's mail-order pharmacy does **not** require documentation. **However, documentation is needed for other healthcare expenses.** When you receive your monthly statement from FBMC, transactions requiring documentation will be highlighted in blue. If an expense appears in this section you must **fax a copy** of your documentation and an EZ REIMBURSE® Card Transmittal Sheet to FBMC.

Documentation can be an Explanation of Benefits from your health plan or a statement or bill showing the name of the patient, the date of service, the type of service, the service provider and the cost of service. The cover sheet is available on the EIP Web site at [www.eip.sc.gov](http://www.eip.sc.gov). Choose your category (Active Subscribers) and select "Forms." You also may get a copy from the FBMC Web site, [www.myFBMC.com](http://www.myFBMC.com) or from your benefits administrator. **FBMC must have this transmittal sheet to process the documentation.**

**It is important to submit documentation of items listed in blue on your monthly statement. If you do not submit the documentation, your card may be suspended or possibly cancelled.**

If you have an outstanding EZ REIMBURSE® Card transaction appearing on two consecutive monthly statements, the next time you submit an approved paper claim, FBMC will keep enough money in your account to make up for the card transaction that you have not documented. You will be reimbursed for the difference between the new claim and the undocumented claim. This is called "automatic substitution." You also may satisfy any outstanding EZ REIMBURSE® Card transactions by submitting a check to FBMC made out to your employer in the amount of the outstanding transaction.



If you have an undocumented transaction that appears in blue on more than two consecutive monthly statements and no automatic substitution has occurred, your EZ REIMBURSE® Card will be suspended until:

- FBMC receives your documentation
- Automatic substitution occurs
- You repay your account by check.

When the transaction in question is cleared by one of these methods, your card will be automatically reinstated. Any amounts from January 1, 2006, to March 15, 2007, that are not cleared by March 31, 2007, violate IRS guidelines and will be taxed as income. Also, your EZ REIMBURSE® Card will be permanently cancelled.

You must keep all documents substantiating your claims for at least one year and submit them immediately to FBMC or to the IRS upon request.



On page 149 you will find information about how the run-out period and the grace period apply to the EZ REIMBURSE® Card.

## Lost Cards

If your EZ REIMBURSE® Card is lost or stolen, call 800-689-0821 immediately.

## Limited-use Medical Spending Accounts

Savings Plan subscribers, who contribute to an HSA, may enroll in a limited-use Medical Spending Account to pay dental and vision care expenses, as these are not covered by the Savings Plan. Except for the restrictions regarding which expenses are reimbursable, a MoneyPlu\$ limited-use Medical Spending Account works the same as a MoneyPlu\$ Medical Spending Account.

### Using your limited-use MSA

Since you can pay your out-of-pocket medical expenses with your MoneyPlu\$ HSA, some MoneyPlu\$ Medical Spending Account features are not available with a MoneyPlu\$ limited-use Medical Spending Account, including:

- No reimbursement of out-of-pocket medical expenses, such as deductibles, coinsurance and copayments
- No reimbursement for over-the-counter items and
- No EZ REIMBURSE® Card option.

Remember, MoneyPlu\$ limited-use Medical Spending Accounts are available only to HSA participants. Dependent Care Spending Account eligibility is not affected by your HSA participation.

## ACCESS TO INFORMATION ABOUT YOUR FLEXIBLE SPENDING ACCOUNT

### A Word About Your PIN

To use the FBMC Web site and the Interactive Voice Response system, all you need is your Social Security Number. When you use the site for the first time, your Social Security Number, typed without hyphens, will be your User ID. The last four digits will be your first Personal Identification Number (PIN). After your first login, you will be asked to select your own confidential four-digit PIN. Once you have selected your new PIN, you have access to information about your benefits. **Please keep your PIN in a safe place. The PIN you select will give you access to both the Interactive Voice Response system and the FBMC Web site.** This PIN has no connections with the EZ REIMBURSE® MasterCard.®

### Internet

FBMC's Web site, [www.myFBMC.com](http://www.myFBMC.com), provides information about your Tax-Favored Accounts. Answers to many of your benefit questions can be obtained by using the tabs along the top of the home page. Enter your



Social Security Number (SSN) and Personal Identification Number (PIN). After this login, you have access to this benefit information 24 hours a day:

- **Benefits.** You may check your benefit status, read benefit descriptions, use tax calculator and much more.
- **Claims.** Not only can you check the status of your claim, but you may also download forms, get more information about mailing and faxing your claim to FBMC or see transactions that need documentation.
- **Accounts.** View your account balance and contributions. You may also view monthly statements and review your transaction history.
- **EZ REIMBURSE® MasterCard® Card.** Check your account regularly to review your account balance and any outstanding EZ REIMBURSE® Card transactions that require documentation. You may download a card fact sheet or transmittal form and read detailed instructions about using the card. You can also view outstanding transactions.
- **Profile.** Change your e-mail address in FBMC's files, complete your online registration or select a new PIN.
- **Resources.** Look through an extensive resource library, including benefit materials, surveys, over-the-counter drug listings and benefit tips.
- **Forms.** Download claim submission and reimbursement forms.

## Telephone

FBMC's 24-hour automated phone system enables you to check on a claim, verify the status of a MoneyPlu\$ claim, request forms and more! Getting connected to your benefits is easy. Call the Information Line at 800-865-FBMC (3262).

## FBMC Contact Information

<u>Department</u>	<u>Hours</u>	<u>Phone</u>
FBMC Customer Service	M – F, 7 a.m. – 10 p.m., ET	800-342-8017 800-955-8771 (TDD)
Automated Services	24 hours a day	800-865-3262
Dispute Line	M – F, 7 a.m. – 10 p.m., ET	800-342-8017

Fax: 850-425-4608

## CHANGING YOUR FLEXIBLE SPENDING ACCOUNT COVERAGE

You can start or stop your MoneyPlu\$ Spending Accounts or vary the amounts you contribute to the account only under limited circumstances. MoneyPlu\$ Program and IRS regulations establish which “changes in status” make it permissible for you to change contributions to your account. The change you wish to make to your Dependent Care Spending Account or Medical Spending Account must be consistent with the event that triggers the change. For example, you may wish to start a Dependent Care Spending Account if you have a baby or adopt a child. You may want to decrease your Medical Spending Account contribution if you get a divorce and will no longer be paying for your ex-spouse's out-of-pocket medical expenses.

**Within 31 days of one of the events listed below, you must complete and submit a Change In Status Form to your benefits administrator if you wish to make changes in your account.** The form is available on the EIP Web site at [www.eip.sc.gov](http://www.eip.sc.gov) and from your benefits administrator. If you wish to continue to have an EZ REIMBURSE® Card, you must re-elect it on the form. **Your benefits administrator must complete and review the form, along with any necessary documentation, authorize it and forward the form to FBMC in a timely manner.** Any related claims you submit in the interim will be held until FBMC receives and processes the Change In Status Form. Some changes in status that permit changes to your account are:

- Marriage, legal separation, divorce
- Birth, placement for adoption, adoption
- Dependent becomes ineligible (by age, marriage, etc.)

- Death of spouse, dependent
- Gain or loss of employment
- Begin or end unpaid leave of absence
- Change from full-time to part-time employment or vice versa
- Change in day care provider.

This is a partial list. For more information, contact your benefits administrator or call FBMC Customer Service at 800-342-8017.

## **How Changes Affect Your Period of Coverage**

Your MoneyPlu\$ Spending Account is set up for the entire calendar year (your period of coverage). However, if you are permitted to change it during the year (an approved, mid-plan-year election change), you have more than one period of coverage. Money you deposit during the original period of coverage may be combined with money you deposit after the mid-year change. However, expenses you incurred before the mid-year change cannot be reimbursed for more money than was in the MoneyPlu\$ account before the change.

## **HOW LEAVING YOUR JOB AFFECTS YOUR FLEXIBLE SPENDING ACCOUNT**

### **Medical Spending Accounts**

If you leave your job permanently or take an unpaid leave of absence, you may continue your Medical Spending Account through the end of the plan year, including the grace period, which is discussed on page 149. If you were participating in the EZ REIMBURSE® Card program, your card will be cancelled when you leave employment. If you wish to continue your account, contact your benefits administrator within 31 days of the your last day at work and complete the appropriate forms.

If you choose not to continue your Medical Spending Account election, you have 90 days, from your last day at work, to submit eligible Medical Spending Account expenses incurred before you left employment.

The Family and Medical Leave Act (FMLA) may affect your rights to continue coverage while on leave. Please contact your employer for further information.

### **Dependent Care Spending Accounts**

If you leave your job permanently or go on unpaid leave, you cannot continue contributing to your Dependent Care Spending Account. You can, however, continue to request reimbursement for eligible expenses incurred while you were employed, until you exhaust your account or the plan year ends.

## **APPEALS**

If your request for a mid-plan-year election change, MoneyPlu\$ Spending Account reimbursement claim or other similar request is denied, in full or in part, you have the right to appeal the decision by sending a written request within 30 days of the denial for review to FBMC (Attn: Appeals Process, P.O. Box 1878, Tallahassee, FL, 32302-1878).

Your appeal must include:

- The name of your employer
- The date of the services for which your request was denied
- A copy of the denied request
- A copy of the denial letter you received
- Why you think your request should not have been denied and
- Any additional documents, information or comments you think may have a bearing on your appeal.

Your appeal will be reviewed upon receipt of it and its supporting documentation. You will be notified of the results of this review within 30 business days from receipt of your appeal. In unusual cases, such as when appeals

require additional documentation, the review may take longer than 30 business days. If your appeal is approved, additional processing time is required to modify your benefit elections.

Note: Appeals are approved only if the extenuating circumstances and supporting documentation are within your employer's, insurance provider's and IRS regulations governing the plan.

## HEALTH SAVINGS ACCOUNT

The State Health Plan Savings Plan enables subscribers who are willing to take greater responsibility for their healthcare costs to reduce their insurance premiums and, coupled with a Health Savings Account (HSA), to save money for qualified medical expenses.

### Eligibility

**To be eligible for a Health Savings Account, a subscriber must be covered by a high-deductible health insurance plan, such as the State Health Plan Savings Plan.** He cannot be covered by any other health insurance, including Medicare. However, he can be covered for specific injuries, accidents, disability, dental care, vision care and long-term care. He cannot be claimed as a dependent on another person's income tax return.

Active subscribers enrolled in the Savings Plan, upon turning 65, remain eligible to contribute to an HSA, if they delay enrollment in Medicare Part A by delaying taking Social Security. (A person can delay enrolling in Social Security up until age 70½.) Once this subscriber enrolls in Social Security (Part A of Medicare), usually at retirement, he can no longer make contributions to an HSA, including catch-up contributions. However, the funds already in the HSA can be withdrawn to pay Medicare premiums (not Medigap), deductibles and coinsurance, which are qualified expenses.

Retirees enrolled in the Savings Plan are eligible to contribute to an HSA (although not through MoneyPlu\$). They may enroll in the HSA at NBSC, or any other institution that offers an HSA, and make catch-up contributions. The S.C. Retirement Systems has arranged with NBSC to allow HSA contributions to be deducted from monthly retirement checks and forwarded directly to NBSC.

An eligible, active subscriber may establish an HSA offered through any qualified financial institution. However, to contribute to an HSA on a pre-tax basis through payroll deduction, he must enroll in the MoneyPlu\$ HSA. NBSC, an affiliate of Synovus Financial Corp., is the trustee for these accounts. The accounts are administered by Fringe Benefits Management Company (FBMC).

Once you enroll in an HSA, you do not have to re-enroll in it as long as you remain eligible for it.

### Limited-use Medical Spending Account

If you have an HSA, you can also have a limited-use Medical Spending Account. That account may be used for expenses not covered by your health insurance, the Saving Plan. Eligible expenses include dental and vision care. See page 154 for more information.

If you enrolled in a full Medical Spending Account instead of an HSA, you cannot sign up for an HSA until the next enrollment period or until a special eligibility situation occurs that allows you to end your MSA within 31 days of the event.

**A MoneyPlu\$ Medical Spending Account (MSA), even a spouse's MSA, is considered *other health insurance* under HSA regulations. If you or your spouse are enrolled in an MSA through December 31, 2007, you may not begin to contribute to an HSA until April 1, 2008, the day after the MSA run-out period ends. An exception: If you have a limited-use MSA, you may begin making HSA contributions on January 1, 2007. A limited-use MSA may only be used for dental and vision expenses, so it does not meet the definition of *other health insurance*.**

**Visit NBSC's Web site, [www.national-banksc.com](http://www.national-banksc.com), or call 877-367-4472 for more information.**

## CONTRIBUTIONS

The maximum contribution to an HSA is indexed for inflation. In 2007, a subscriber with single coverage can contribute \$2,850, and a subscriber who covers himself and any other family member can contribute \$5,650. Total contributions for the entire year may not exceed these limits.

- For example, a subscriber with single coverage under the SHP Savings Plan can contribute \$2,850 to his HSA for the twelve months beginning January 1, 2007. Contributions may be paid in a lump sum, in equal amounts for twelve months (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$2,850.
- A new subscriber with the same coverage, but beginning after January 1, can contribute up to one-twelfth of the \$2,850 limit, or \$237.50 times the number of months remaining in the year. For example, a new subscriber beginning coverage on September 1 would be eligible to contribute \$950 for the four months remaining in the year (four-twelfths, or 4 x \$237.50). Contributions may be paid in a lump sum, in equal amounts for four months (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$950.
- **A subscriber who had a Medical Spending Account in 2006 may not begin contributing to an HSA until the day after the end of the MSA run-out period, April 1, 2007. This is true even if no money remains in the MSA on January 1, 2007. His maximum contribution would be \$2,137.50, for the nine months remaining in the year (nine-twelfths, or 9 x \$237.50). Contributions may be paid in a lump sum, in equal amounts for nine months (such as through payroll deduction with MoneyPlu\$) or in any combination of payments during the year, as long as the total does not exceed \$2,137.50.**

Subscribers age 55 and older may make “catch-up” contributions to an HSA. The amount for 2007 is \$800.

There is no minimum contribution, but remember that certain administrative fees will be deducted from your account. They include an annual fee of \$20, which you will pay until your account exceeds \$5,000.

### Changing Contributions

You may change the amount you contribute to your MoneyPlu\$ HSA through payroll deduction once a month. To make the change, fill out a new MoneyPlu\$ Spending Account Reimbursement Request Form and complete Box A.

You may make regular and catch-up contributions to your HSA up to the time your federal income tax return is due, usually April 15.

### Excess Contributions

FBMC will monitor your HSA contributions and send an alert to your benefits administrator if you are exceeding your contribution limit. NBSC also will send periodic notices to remind you to check your balance.

However, the best way to avoid problems is to divide your annual contribution among the number of paychecks you receive. For example, if you receive 24 paychecks each year and you have single coverage, you can deduct up to \$118.50 each pay period. If you have family coverage, you can deduct \$235.41 (rounded) each pay period.

### Eligible Expenses

You may use the funds in your HSA, tax free, to pay for **unreimbursed** eligible medical expenses for yourself, your spouse and your dependents. Medical expenses include the costs of diagnosis, cure, treatment or prevention of physical or mental defects or illnesses. For more information, check IRS Publication 502.

### Using HSA Funds

After you enroll in an HSA, you will receive a Bank Signature Card form from NBSC. **It is very important that you sign this card and return it promptly.** After you sign the card, you will receive one Visa® debit card from NBSC. If you would like a second card, call NBSC at 877-367-4HSA (4472). You should receive the card



within 10 business days. You can also order your free starter supply of checks by calling this number. You may use the card or the checks to reimburse yourself from your HSA.

One important difference between an HSA and an MSA is that on January 1, after annual enrollment, you have immediate access to your full yearly contribution to an MSA. This is not true of an HSA. **You can only use HSA funds that are actually in your account.** If you use your debit card for a transaction and you do not have enough money in your account, the transaction will not go through. If you write a check and you do not have enough money in your account, you will be charged for writing a check with insufficient funds.

## Availability of Funds

Each contribution to your MoneyPlu\$ HSA will be available after your employer's payroll is received and processed by FBMC, transferred to NBSC and deposited in your account. Deposits are sent from FBMC to NBSC twice a week. Funds should **generally** be available in your HSA no later than a week after pay date. Remember, this depends on when your employer submits the deductions and payroll reports to FBMC.

You will receive monthly statements from NBSC. You may also check your balance by visiting any NBSC branch or by signing up for online access. There is no charge for access-only services. Once you register, it takes about 5-7 business days before you will have online access to your account.

You can make deposits to or withdrawals from your account at any NBSC branch. Contact FBMC or the custodian of your HSA to learn the maximum you can contribute to your HSA for 2007. Any withdrawals must be for medical expenses that qualify under IRS guidelines. If they do not, they may be subject to taxes and penalties.

**You cannot use your HSA debit card to get cash at an automatic teller machine.**

## Documentation of Eligible Expenses

You should keep receipts from expenses paid with your HSA with your tax returns in case the IRS audits your tax return and requests copies.

If you use HSA funds for ineligible expenses, you will be subject to taxes on the amount you took from your HSA, as well as a 10-percent penalty if you are under age 65.

## HSA Fees

If you deposit funds in your HSA through payroll deduction, administrative fees will be deducted from your HSA. These fees include:

- \$20 a year or \$2 a month (your choice)\*
- 50 cents to process each check. (If you use your debit card, there will be no transaction fees.)
- \$4 for each additional Visa® debit card
- \$4 to replace a lost or stolen Visa® debit card.

Other fees may apply, such as those for insufficient funds.

\*Contact NBSC at 877-362-4472 within 60 days of opening the account if you would prefer to pay the \$20 annual fee. Otherwise, the \$2 monthly fee will apply. You will pay this fee until the balance in your account reaches \$5,000.

## For More Information

A copy of the HSA Custodial Account disclosure statement and funds availability disclosure agreement is on pages 222-229 of this guide. Information also is available by contacting FBMC at 800-342-8017 or at [www.myFBMC.com](http://www.myFBMC.com). Information about the Savings Plan is in this guide in the State Health Plan chapter, which begins on page 21.

General information on HSAs is available on the Web at [www.hsainsider.com](http://www.hsainsider.com) and [www.irs.gov](http://www.irs.gov).

More information about the Savings Plan and the Health Savings Account offered through payroll deduction is available from your benefits administrator or EIP at 803-734-0678 (Greater Columbia area) or 888-260-9430 (toll-free outside the Columbia area) or on the Web at [www.eip.sc.gov](http://www.eip.sc.gov).

Detailed information on the HSA associated with the State Health Plan Savings Plan is available from NBSC at [www.nationalbanksc.com](http://www.nationalbanksc.com) or 877-367-4472.

If you will not contribute to your MoneyPlu\$ HSA in 2007 but want to keep your account with NBSC open, you must continue to pay the \$2 monthly fee, unless you have a minimum balance of \$5,000.

If you do not make any deposits or withdrawals for 12 months you will be charged a monthly fee of \$5, in addition to the \$2 monthly fee (if the fee applies).

If your balance drops below \$25, you must use the funds and close the account until you are again eligible to contribute.

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## Investment of Funds

One of the advantages of an HSA is that you do not have to spend all the funds during the year in which they are deposited, as you do with a Medical Spending Account. The funds can accumulate and can be used for eligible medical expenses in the future.

If you establish an HSA through NBSC, an affiliate of Synovus Financial Corp., the money will, at first, be invested in an interest-bearing checking account. When the balance in your account reaches \$3,500, NBSC/Synovus will send you a letter offering you the opportunity to choose from among several Fidelity Investment® mutual funds. The letter will explain any fees and give you a toll-free number to call to request an enrollment package. If you decide to invest in a mutual fund, you must keep \$1,000 in your HSA checking account.

Unlike funds in an interest-bearing checking account, money invested in a mutual fund is not FDIC insured. You have the opportunity to earn a higher rate of return on your investment, but that is not guaranteed. There is a possibility you will lose money, including the original amount invested.

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## Portability

If you leave your job, you can take your HSA with you and continue to use it for qualified medical expenses.

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## Tax Reporting

After the year ends, NBSC will send you forms to use in reporting your HSA contributions and withdrawals when you file your taxes. It is important to save documentation, including receipts, invoices and explanations of benefits from your health insurance carrier, because you may be asked to show the IRS proof that your HSA funds were used for qualified expenses.

If you participate in MoneyPlu\$, pretax HSA contributions will appear on your W-2 Form as employer-paid contributions. This is because this money was deducted from your salary before it was taxed. Do not deduct this money on your return. Only after-tax contributions may be deducted. Consult your tax advisor for more information.

If you have questions about how your HSA contributions were reported on your W-2 Form, contact your benefits office.